

AUDIT RISK ALERT #51

DATE: March 20, 2023

Subject: Community Drinking Water Infrastructure Sustainability Act – [Act 98](#) of the 2021 Regular Legislative Session

Act 98 of the 2021 Regular Legislative Session amended and reenacted R.S. 40:5.9(C)(4) and (5), enacted R.S. 40:5.9(C)(6), 5.9.1, and 5.9.2, and repealed R.S. 36:259(B)(9) and R.S. 40:4.13 relative to public drinking water to create and provide for the Community Drinking Water Infrastructure Sustainability Act.

R.S. 40:5.9.1(C) states "The Louisiana Department of Health, referred to in this Section as the "department", shall provide for a statewide system of accountability for community water systems and establish a letter grade schedule reflective of community water system quality, performance, and sustainability..." In January 2023, preliminary system grades were released by the [Louisiana Department of Health](#) with final grades set to be released in May of 2023. R.S. 40:5.9.1(E)(1) further states "Any community water system that receives a letter grade of "D" or "F" shall be considered operationally unacceptable..."

The Louisiana Legislative Auditor (LLA) encourages all CPAs on LLA's approved list who work with community water systems or local governments which operate community water systems to carefully read Act 98 of the 2021 Regular Legislative Session in its entirety. Particular attention should be considered as it relates to R.S. 40:5.9.1(E)(1)(c), which may impose a prohibition on any "D" or "F" grade system related to "incurring any additional debt for anything not directly related to the improvement and sustainability of the community drinking water system..." and R.S. 40:5.9.1(F) which prohibits the spending of "any money raised through payments made by customers for access to water or any other water system revenue" in "D" and "F" grade systems for "any item, debt payment, or

public purpose other than the improvement and sustainability of the community water system," including transfers out to other funds.

Once the final water system grades are released by Louisiana Department of Health, the Legislative Auditor would expect to see a compliance finding in the report of any local government or quasi-public organization (local auditee) found to be in noncompliance with R.S. 40:5.9.1(E)(1)(c) or R.S. 40:5.9.1(F).

If you have any questions, please contact Diane Allison, Director of Local Government Services, at (225) 339-3812 or dallison@lla.la.gov.